

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 MC-02 CIAE-00 DODE-00 PM-05 H-01
INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02
SS-15 USIA-06 AID-05 COME-00 EB-08 FRB-03 TRSE-00
XMB-02 OPIC-03 LAB-04 SIL-01 OMB-01 STR-04 FTC-01
/090 W

-----110689 281404Z /43

R 280720Z JUL 77

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 2751

C O N F I D E N T I A L JAKARTA 10001

E.O. 11652: GDS

TAGS: ETRD, EINV, ID

SUBJECT: IBM

REF : JAKARTA 09564

1. SITTING NEXT TO MINISTER OF TRADE RADIUS PRAWIRO AT
LUNCHEON JULY 27 I HAD OPPORTUNITY ASK HIM CURRENT STATUS OF
IBM TRADE PROBLEM.

2. PRAWIRO SAID MATTER IS BEFORE CHIEF JUSTICE AND MINISTER
OF JUSTICE. THESE TWO WILL GIVE OPINIONS ON LEGAL ASPECT
TO HIM AND HE WILL MAKE FINAL DETERMINATION. QUESTION IS
WHETHER MAINTENANCE OF EQUIPMENT WHICH IBM OWNS IS "TRADE."

3. I POINTED OUT THAT IBM SITUATION SEEMED TO BE UNIQUE IN
THAT MOST OTHER MANUFACTURERS SOLD THEIR EQUIPMENT TO OTHERS
WHO THEN MAINTAINED IT. IN IBM CASE, BECAUSE OF THEIR EX-
CEPTIONAL TECHNOLOGY, THEY RETAINED OWNERSHIP. PRAWIRO
ACKNOWLEDGED THAT THIS WAS SO BUT SAID THEY COULD NOT MAKE
EXCEPTION FOR IBM. THEY WOULD HAVE TO DETERMINE THAT ANY
FIRM WHICH RETAINS TITLE TO ITS EQUIPMENT AND MAINTAINED
IT WAS NOT ENGAGED IN TRADE.

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4. POINTING OUT THAT IBM OFFICIALS HAD INRGCESSION#

FROM TRADE DIRECTOR PANGGABEAN THAT QUESTION HAD ALREADY
BEEN DECIDED IN AN ADVERSE MANNER, PRAWIRO SAID
THIS WAS NOT CASE. IT WOULD NOT BE DECIDED UNTIL HE
HAD FORMAL OPINION FROM CHIEF JUSTICE AND MINISTER OF

JUSTICE.

5. PRAWIRO ADDED THAT IBM SHOULD REALIZE THIS WAS BASICALLY MATTER OF LEGAL INTERPRETATION AND NOT COMMERCIAL CIRCUMSTANC. PRAWIRO SAID HE FOUND IBM LAWYER'S PRESENTATION TO HIM IN JUNE FORE RELEVANT THAT LATER PRESENTATION BY COMPANY'S VICE PRESIDENT.

6. COMMENT: GIVEN FACT THAT MATTER IS AT LEAST BEING TREATED AS LEGAL QUESTION, I DO NOT SEE THAT FURTHER EMBASSY INTERVENTION COULD BE HELPFUL. IBM, HOWEVER, MAY WISH TO HAVE LAWYER NEAR AT HAND AT SUCH TIME THAT INDONESIAN OFFICIALS REACH CONCLUSION REGARDING LAW.
NEWSOM

NOTE BY OC/T: #AS RECEIVED.

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NNN

Message Attributes

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Concepts: FOREIGN INVESTMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 28-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
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Disposition Event:
Disposition History: n/a
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SAS ID: 1720857
Secure: OPEN
Status: NATIVE
Subject: IBM
TAGS: ETRD, EINV, ID, US, IBM
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